DOCUMENT RESUME

ED 395 750 RC 020 624

AUTHOR	Hoppe, Robert
TITLE	Poverty in Rural America: Trends and Demographic Characteristics. Chapter 1.
INSTITUTION	Economic Research Service (DOA), Washington, D.C.
PUB DATE	93
NOTE	20p.; In: Persistent Poverty in Rural America; see RC 020 623. Foreword by Emery N. Castle.
PUB TYPE	Information Analyses (070)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	Blacks; Children; *Demography; *Economic Factors; Family Structure; *Geographic Distribution; Hispanic Americans; Inner City; *Nonmetropolitan Areas; Older Adults; Place of Residence; *Poverty; Rural Areas; *Rural Urban Differences; Suburbs; Whites
IDENTIFIERS	United States (South)

ABSTRACT

This chapter examines recent trends in rural poverty and discusses some characteristics of the rural poor compared to the urban poor. Sources of poverty data for 1967-90 include the income supplement of the Census Bureau's annual Current Population Survey and personal income data compiled by the Bureau of Economic Analysis. "Rural" and "urban" are defined as nonmetropolitan and metropolitan areas, respectively. The nonmetro poverty rate decreased from 20.2 percent in 1967 to 13.5 percent in 1978, increased to 18.3 percent in 1983, then declined to 15.7 percent by 1989. Although nonmetro poverty rates were higher than total metro poverty rates throughout the period, the central city poverty rate has surpassed the nonmetro rate since the late 1970s. All poverty rates increased sharply from 1979 to 1983 because prices increased more rapidly than income, economic downturns decreased earnings, and tightened eligibility requirements increased poverty by removing people from the welfare rolls or by reducing their benefits. When metro poverty rages began to decline in 1983, the nonmetro rate lagged behind, reflecting relatively slow economic growth in nonmetro areas and revisions in metro-nonmetro designations. Official poverty statistics have been criticized because they do not consider benefits received in kind and do not reflect supposedly lower living costs in nonmetro areas. Data tables and text detail characteristics of the nonmetro poor, comparing them to the total metro poor and those in suburbs and inner cities. Poverty rates are discussed for married-couple families, female-headed families, children, Whites, Blacks, Hispanics, the elderly, disabled persons, and geographic regions. Policy implications are drawn for labor market strategies and transfer programs that aid poor children. (SV)

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Poverty in Rural America: Trends and Demographic Characteristics

Robert Hoppe

The American public generally perceives poverty as an urban problem. This probably stems from the fact that most people live in or near large cities and are likely to observe central city poverty. The rural poor are more dispersed and less visible. Statistics show, however, that poverty is as much a rural problem as an urban one.

Some argue that antipoverty policy has been aimed at the urban poor and has not fully served the rural poor (Institute for Research on Poverty 1980). If poor people living in rural America are to be helped, it is important to understand rural poverty and how it differs from urban poverty.

This chapter examines recent trends in rural poverty and discusses some of characteristics of the rural poor. Although I present some data for the South, the major focus is rural poverty in the nation as a whole, because many of the policy decisions regarding poverty are made at the national level.

Definitions

"Rural" is defined as nonmetropolitan (nonmetro) in this chapter. Similarly, "urban" is defined as metropolitan (metro). Counties lying within a metropolitan statistical area (MSA) are regarded as metro, while counties lying outside MSA's are nonmetro.[1] A county is part of a MSA if:

> (1) it includes a city of at least 50,000, or (2) it includes a Census Bureau-defined urbanized area of at least 50,000 with a total metropolitan population of at least 100,000 (75,000 in New England). In addition to the county containing the main city or urbanized area, an MSA may include other counties having strong commuting ties to the central county (U.S. Bureau of the Census 1991c:191).

Metro areas are divided into central cities and areas outside central cities. The largest city in a MSA is always considered a central city, but other cities in the MSA may be considered central cities if certain conditions indicating a central character are met. These conditions involve amount of commuting, size of population, and number of workers. (For more information, see the U.S. Federal Committee on Standard Metropolitan Statistical Areas 1979:39.)

Metro areas outside central cities are frequently treated as "suburbs" (U.S. Bureau of the Census 1991c:191). Following this convention, I also refer to areas outside central cities as suburban. This usage is not entirely accurate, however. Areas classified as suburban include some relatively sparsely settled areas at the edges of MSA's, some areas that are similar to central cities in character, and some areas that most people are likely to view as suburbs.

Metro-nonmetro designations are revised periodically to reflect the increasing urbanization of the Nation, and therefore may vary over time within a single data series. Three metro-nonmetro designations are used in the poverty data examined in this chapter. Metro-nonmetro designations based on the 1960 Census are used for the years 1967-70, and designations based on the 1970 Census are used for 1971-83. Designations announced on June 30, 1984, are used for 1985-90.[2] These changes in the metro-nonmetro designations cause a problem discussed in greater detail later.

The final term to define is "poverty." People are defined as living in poverty if their family money income is below the official poverty threshold appropriate for the size and type of their family. The Bureau of the Census uses 48 poverty thresholds to determine poverty status (U.S. Bureau of the Census 1991c:194-195). Different thresholds exist for elderly and nonelderly individuals, for two-person families with and without elderly householders, and for families with different numbers of children. The poverty threshold for a family of four with two children was $13,254 in 1990. The thresholds are adjusted annually by the Consumer Price Index to reflect inflation.

Data Sources

The poverty data in this chapter come from the income supplement to the Current Population Survey (CPS) conducted each March by the Bureau of the Census (U.S. Bureau of the Census 1991c:10-11). Income information is collected from a sample representing the population of the United States, excluding the institutionalized population and members of the Armed Forces living in barracks. All differences in poverty estimates between metro and nonmetro areas discussed in the text are significant at the 90 percent confidence

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level or more. Personal income data prepared by the Bureau of Economic Analysis (BEA) are used to augment the poverty data. Personal income is the income that people receive from all sources. It is made up of wages and salaries, other labor income, self-employment income, property income, and transfer payments (U.S. Department of Commerce 1991b:M-30).

The BEA prepares personal income data for each county or county equivalent in the U.S., largely from administrative records and surveys or censuses conducted by other agencies (U.S. Department of Commerce 1991b:M-5). Unlike the CPS poverty data, the BEA data do not come from a single sample survey. Therefore, statistical significance tests were not possible for the BEA data.

Poverty Trends

Considerable progress was made against nonmetro poverty during the late 1960s and early 1970s. As shown in Figure 1.1, the nonmetro poverty rate declined from 20.2 percent in 1967 to 13.5 percent in 1978, interrupted by a noticeable increase during the 1973-75 recession. Poverty rates in central cities, suburbs, and metro areas as a whole were more stable during the same period, fluctuating within fairly narrow ranges.

Not only did the nonmetro poverty rate decline in the early 1970s, but the gap between nonmetro and central city poverty rates also closed. By the late 1970s, the central city poverty rate exceeded the nonmetro poverty rate. This contrasts with the late 1960s, when the nonmetro poverty rate was higher.

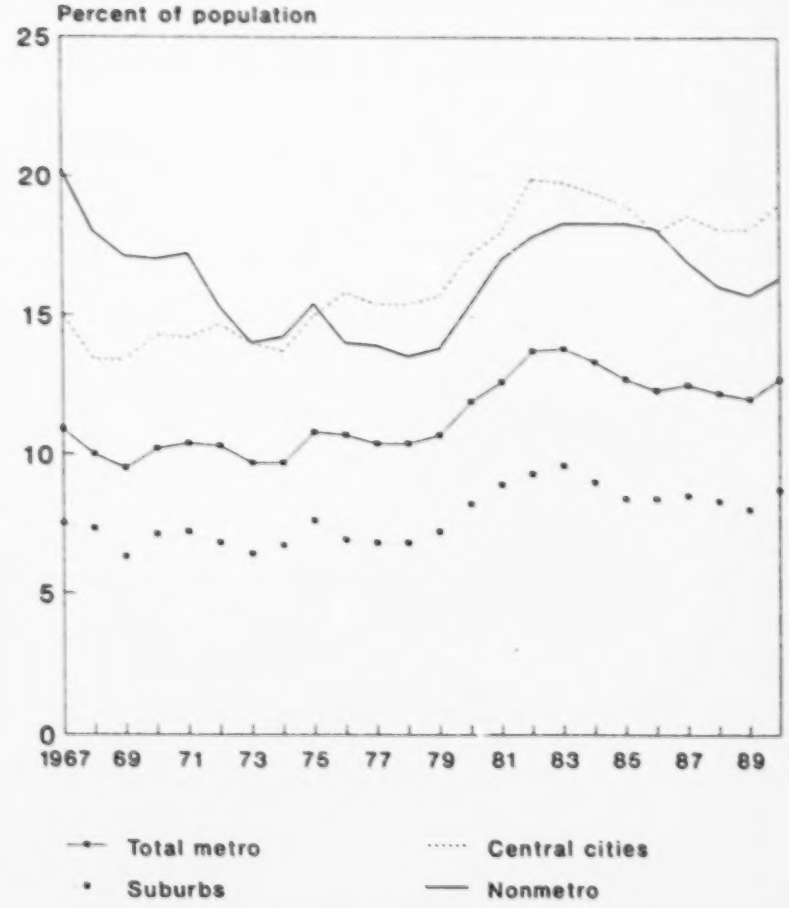
Poverty increased sharply after 1979 in both metro and nonmetro areas. By 1983, the official poverty rate reached 13.8 percent in metro areas as a whole, 19.8 percent in central cities, 9.6 percent in suburbs, and 18.3 percent in nonmetro areas. After 1983, the metro poverty rates declined somewhat, but the nonmetro poverty rate stayed at about 18 percent through 1986. The nonmetro poverty rate began to fall in 1987 and reached 15.7 percent by 1989. Note in Figure 1.1 that none of the poverty rates during the late 1980s fell as far as 1978 levels.

The poverty rates rose again in 1990, in response to the beginning of a recession. However, the increase in the nonmetro poverty rate between 1989 and 1990 was not statistically significant.

The Reasons

The most striking feature of Figure 1.1 is the large increase in all poverty rates after 1979. Three major factors, listed more or less in chronological order, contributed to the increase in poverty rates from 1979 to 1983 (Getz and Hoppe 1983; U.S. Bureau of the Census 1983; Levitan 1985):

Figure 1.1 Poverty Rates by Residence, 1967-90



Source: US Bureau of the Census, Current Population Survey, various years

1. Prices increased more rapidly than income in the late 1970s and early 1980s.[3] Because the poverty thresholds are adjusted for inflation, they increased as rapidly as prices. This caused people whose income was just marginally above the poverty level to fall into poverty if their income grew slower than prices and the poverty thresholds.
2. Economic downturns from 1980 to 1982 reduced the earnings of some people enough to make them poor.
3. Tightened eligibility requirements increased poverty by removing people from the welfare rolls or by reducing their benefits.

While some have suggested it, the increasing share of people living in families headed by a woman is not important in explaining the sharp increases in poverty rates between 1979 and 1983.[4] In fact, the growth in the percentage of the Nation's population in this group did not accelerate during the 1979-83 period (Figure 1.2).[5] Changes in the share of the population in this family type were fairly constant, never more than .6 percentage points per year, even during the 1979-83 period.

The gradual increase in the percentage of people in families headed by a woman was mirrored by a gradual decline in the percentage of people in other families, mostly married-couple families.[6] Steady changes like these cannot explain the sharp increases in poverty rates between 1979 and 1983 shown in Figure 1.1.

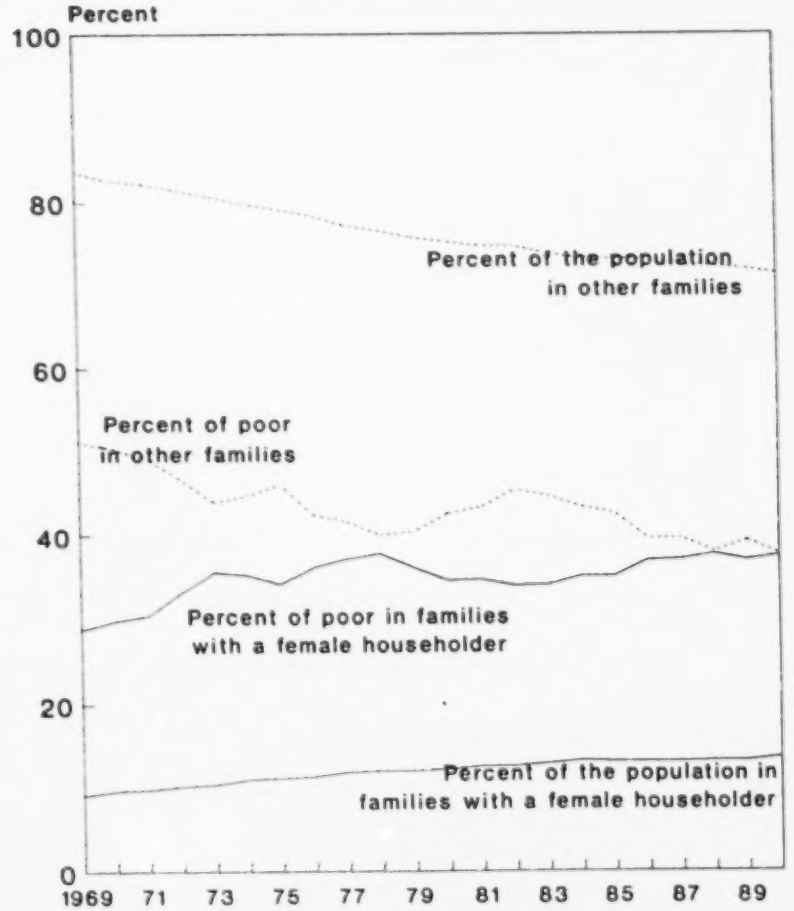
After the downturns ended and inflation abated, poverty rates declined in central cities, other metro areas, and metro areas as a whole. The recovery, however, seemed to have had a delayed effect on nonmetro poverty, as the nonmetro poverty rate did not begin to decline until 1987. The lag between the recovery and improving poverty rates may reflect relatively slow economic growth in nonmetro areas or revisions in the metro-nonmetro designations.

Slow Economic Growth

Nonmetro areas appear to have experienced slow income growth compared to metro areas in recent years, leading to a growing metro-nonmetro income gap that is not correlated with the national business cycle (Henry, Drabenstott, and Gibson 1987). This income gap can be measured by subtracting nonmetro per capita income from metro per capita income.

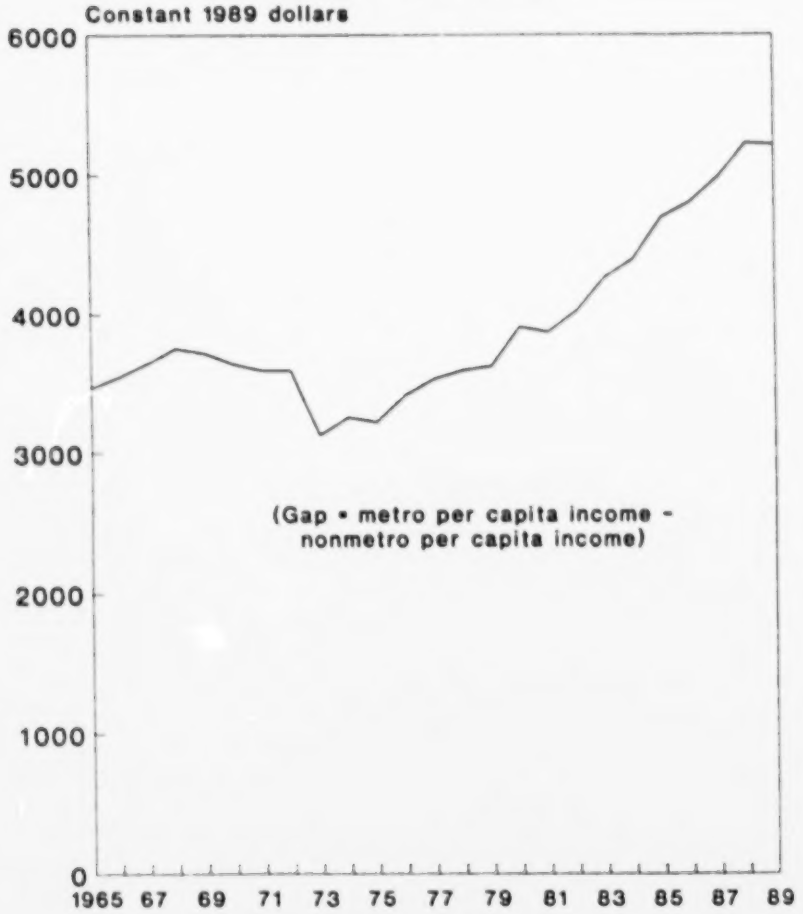
According to BEA personal income data, metro per capita income was about $3,100 higher in 1973, and the difference increased to $5,200 by 1989 (Figure 1.3). These differences are stated in real terms; they have been adjusted for inflation with the implicit price deflator for personal consumption expenditures. Stating the relationship between metro and nonmetro income slightly differently, nonmetro income fell from 78 percent of metro income in 1973 to 72 percent

Figure 1.2 Distribution of U.S. Poor and Total Population by Family Type, 1969-90



Source: US Bureau of the Census, Current Population Survey, various years

Figure 1.3 Nonmetro Per Capita Personal Income Gap, 1969-89



Source: US Department of Commerce, 1991a

in 1989 (Figure 1.4). Slower nonmetro income growth could be reflected in a stubbornly high rural poverty rate, even during recoveries.

In addition, the recessions of the early 1980s were particularly hard on rural areas. There was a greater rise in unemployment rates in nonmetro areas during the downturns at the beginning of the 1980s, and the nonmetro recovery was slower (Deavers, Hoppe, and Ross 1988).

The slowed recovery could help explain the delayed drop in the rural poverty rate, because nonmetro poverty appears to be particularly sensitive to unemployment. About 63 percent of the variation in the nonmetro poverty rate between 1973 and 1989 was explained by variation in the unemployment rate, compared with only 22 percent in metro areas (Hoppe 1991:16). The decline in the nonmetro poverty rate, when it finally did occur, was associated with a large drop in the unemployment rate. The 2.4 percentage point drop in the nonmetro poverty rate between 1986 and 1989 occurred at the same time as a 2.6 percentage point drop in the nonmetro unemployment rate.

Changes in Metro-Nonmetro Designations

A major change in metro-nonmetro designations used by the Bureau of the Census may also help explain why the nonmetro poverty rate remained so high from 1983 to 1986. Beginning with the 1985 poverty data, metro-nonmetro designations as of June 1984 were used rather than designations based on the 1970 Census.

This change decreased the nonmetro population by approximately 20.5 million or 28 percent. Nonmetro areas that were reclassified to metropolitan were more likely to be prosperous than the areas that remained nonmetro. The reclassification, therefore, would tend to raise the poverty rate of those who remained nonmetropolitan.

Nevertheless, the nonmetro poverty rate remained at 18 percent for two years *after* the new designations were introduced and did not begin dropping until after 1986. This suggests that the recovery did not help reduce nonmetro poverty much until after 1986, even if the analysis is limited to only the smaller nonmetro population included in the more recent designations.

The Census data are confirmed by BEA data. Unlike the Census poverty data, the BEA income data (Figures 1.3 and 1.4) use a constant metro-nonmetro designation. When the BEA releases its data each year, it uses the most current designations available for the entire time series. Both the BEA and Census data show the same general trend in the mid-1980s--nonmetro areas falling behind metro areas--despite differences in how metro and nonmetro areas are defined. In other words, the persistence of a high nonmetro poverty rate reflects much more than the change in the metro-nonmetro designations in Bureau of the Census data.

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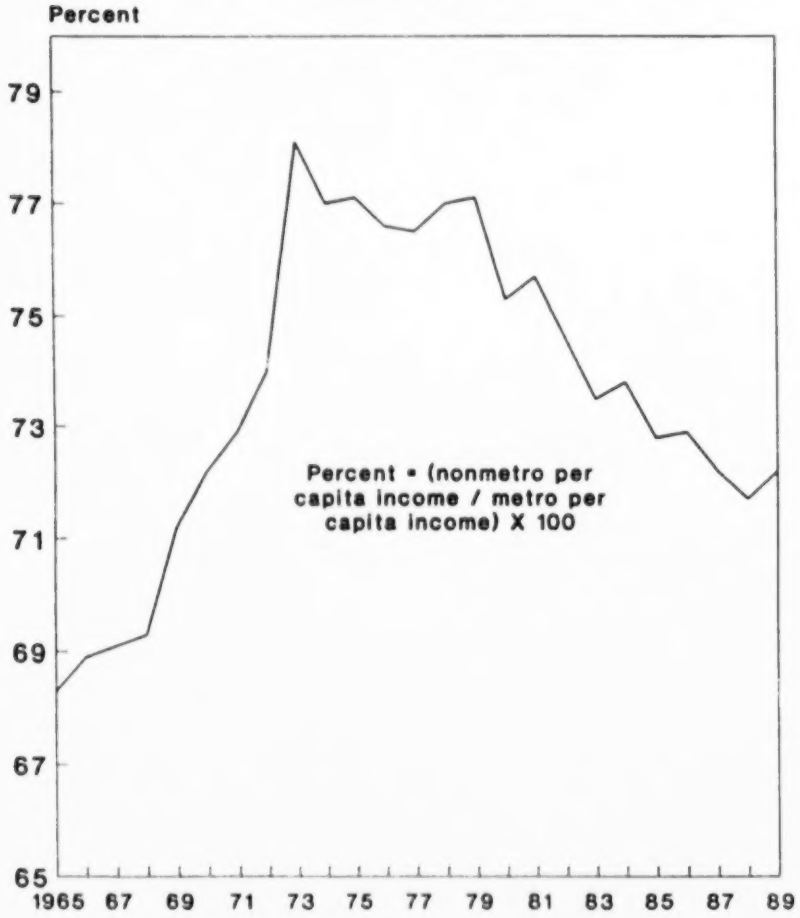
Figure 1.4 Nonmetro Per Capita Income as Percent of Metro, 1969-89



Source: US Department of Commerce, 1991a

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Do Poverty Statistics Overstate Rural Poverty?

Some argue that nonmetro poverty is not as severe as the poverty rates in Figure 1.1 indicate, because the official poverty statistics do not consider benefits received in kind rather than in cash, and because the poverty thresholds are not adjusted to reflect the supposedly lower living costs in nonmetro areas. Each of these criticisms of the official statistics are discussed below.

In-Kind Benefits

Benefits received as goods or services from such programs as Food Stamps, Medicare, and Medicaid are not counted as income when determining poverty status for the official poverty statistics. During the 1970s, conservative analysts argued that poverty would have been eliminated if both cash and in-kind benefits were included when measuring poverty (Anderson 1978; Browning 1975). To be fair, however, the poverty statistics should also be adjusted to reflect the payment of taxes, since the official poverty status is based on *pre-tax* cash income.

In the early 1980s, the Bureau of the Census embarked on a research program to explore the effects of a more complete concept of income that includes adjustments for taxes, capital gains, and noncash benefits from both employers and the government (U.S. Bureau of the Census 1991a:1). Making these adjustments does reduce the poverty rate in both metro and nonmetro areas (Figure 1.5). However, even after these adjustments, the nonmetro poverty rate remained higher each year. In 1990, for example, the nonmetro adjusted poverty rate was still three percentage points higher than the corresponding metro rate.

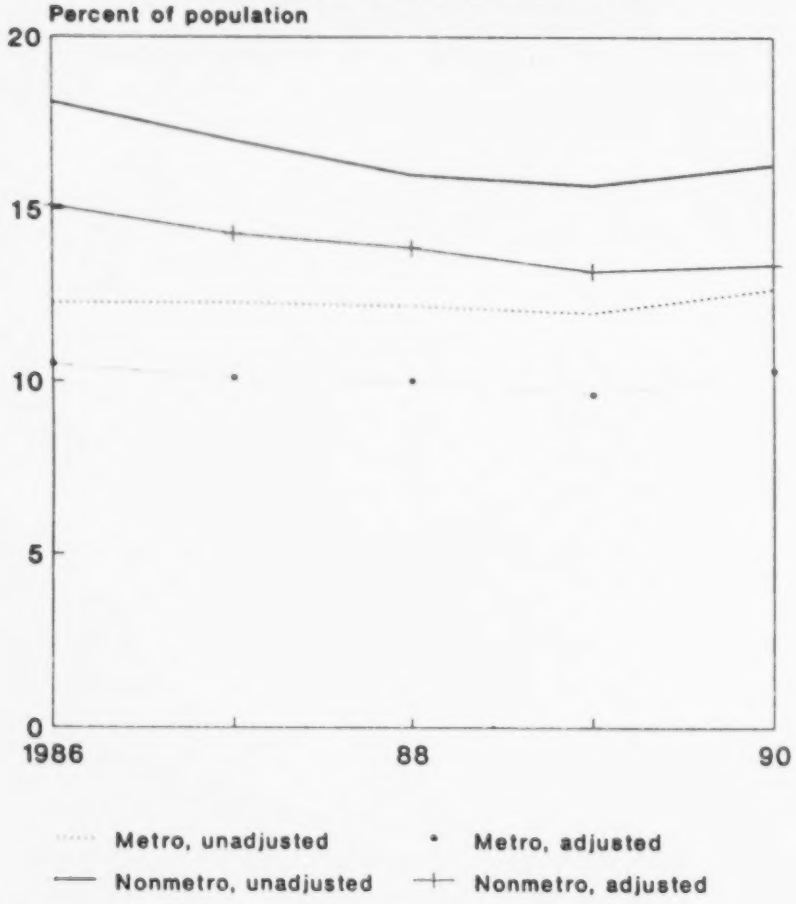
Cost-of-Living Differences[7]

Geographic differences in the cost of living are more difficult to address. Although nonmetro areas are generally perceived as having lower living costs, it is difficult to find systematic rural-urban differences in the cost of living (U.S. Department of Agriculture 1976; Ghelfi 1988).

Adjusting poverty statistics to reflect geographic differences in the cost of living would be a major undertaking. Developing a cost-of-living index with which to make the adjustments would be expensive and time-consuming (Hoppe 1979). Constructing the index would require large amounts of data and be complicated by geographic variations in the types and quality of goods available. And, using an inaccurate index might introduce more problems and inequities than not making any adjustments at all.

Despite proposed refinements in the definition and measurement of poverty to accommodate in-kind benefit and cost-of-living differentials, the current

Figure 1.5 Poverty Rates by Residence, Before and After Adjustments for In-Kind Income and Taxes, 1986-90



Source: US Bureau of the Census, 1988, 1990a, 1990b, and 1991a

measures are adequate to indicate that the war on poverty, especially rural poverty, has not been won. We should not let technical arguments over poverty measurement hinder efforts to reduce rural poverty.

Characteristics of the Nonmetro Poor

It is important to compare the nonmetro poor with the metro poor in central cities and the suburbs. The three poor populations--nonmetro, central city and suburban--were large in 1990. The central city poor numbered 14 million, and the two other poor populations each included at least 9 million people (Table 1.1).

Poverty Rates

In general, poverty rates for specific population groups, such as people living in married-couple families, were higher in nonmetro areas than in metro areas as a whole (Table 1.1, Part A). However, poverty rates were similar for most population groups in central cities and nonmetro areas. There were few statistically significant differences between central cities and nonmetro areas. Unrelated individuals and blacks were the exceptions; their poverty rates were significantly higher in nonmetro areas.

Although none of the poverty rates for specific groups were significantly higher in central cities than in nonmetro areas, the poverty rate for the whole population was higher in central cities. This apparent contradiction results from the heavy concentration of families in central cities headed by women, a group with a very high poverty rate. About 20 percent of the central city population lived in families headed by a woman, compared with only 11 percent of the nonmetro population.

The situation was markedly different when the nonmetro poor were compared with the suburban poor. In these comparisons, each nonmetro poverty rate was substantially higher than its suburban counterpart.

Who Are the Nonmetro Poor?

The groups that made up the poor also differed among the three residential categories (Table 1.1, Part B). The nonmetro poor were much more likely to live in married-couple families. About 44 percent of the nonmetro poor lived in this type of family, compared with 37 percent of the suburban poor and only 27 percent of the central city poor. In contrast, about 45 percent of the central city poor lived in families headed by a woman, compared with about 30 percent of the suburban and nonmetro poor.

TABLE 1.1 Selected Characteristics of the Poor, by Residence, 1990

Item	United States Total	Metro			Nonmetro
		Total	Central Cities	Suburbs	
			—Thousands—		
Total poor	33,585	24,510	14,254	10,255	9,075
			—Percent—		
PART A: POVERTY RATES					
Poverty rate for total population	13.5*	12.7*	19.0*	8.7*	16.3
People in families with a female householder, no husband present[a]	37.2*	35.8*	43.9	26.6*	43.2
Related children	53.4	52.5	60.9	41.7*	56.8
Married-couple families[a]	6.9*	5.9*	9.1	4.4*	9.9
Related children	10.2*	9.1*	14.0	6.6*	14.0
Unrelated individuals[b]	20.7*	19.0*	21.8*	16.3*	27.7
Whites	10.7*	9.9*	14.3	7.6*	13.5
Blacks	31.9*	30.1*	33.8*	22.2*	40.8
Hispanics[c]	28.1	27.8	31.7	22.8**	32.0
Aged[d]	12.2*	10.8*	14.6	8.1*	16.1
Disabled[e]	35.9	34.8	43.6	25.8*	39.0
PART B: GROUPS MAKING UP THE POOR					
Poor who are:[f]					
People in families with a female householder, no husband present[a]	37.5*	40.1*	45.1*	33.2	30.3
Related children	21.9*	23.7*	26.7*	19.6	17.0
Married-couple families[a]	34.6*	31.0*	27.0*	36.7*	44.4
Related children	14.6*	13.5*	11.8*	15.9	17.6
Unrelated individuals[b]	22.2*	22.8*	22.6*	23.2*	20.4
Whites	66.5*	64.1*	53.8*	78.5*	72.9
Blacks	29.3*	31.4*	41.2*	17.8*	23.6
Hispanics[c]	17.9*	22.5*	24.7*	19.5*	5.4
Aged[d]	10.9*	9.8*	9.3*	10.4*	14.0
Disabled[e]	8.8	8.6	9.4	7.6	9.4

*Significantly different from the nonmetro estimate at the 95 percent confidence level.
**Significantly different from the nonmetro estimate at the 90 percent confidence level.
[a]The term "family refers to a group of two or more related persons how live together.
[b]Unrelated individuals living alone or with nonrelatives.
[c]Hispanics may be of any race.
[d]The aged are at least 65 years old. The aged and disabled are mutually exclusive.
[e]Age 16 to 64 with a "severe work disability." See U.S. Bureau of the census (1991c:198) for more information.
[f]the percentages in the grups sum to more than 100 percent because an individual may be in more than one group.
Source: U.S. Bureau of the Census, 1991c.

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Nevertheless, poverty among families headed by a woman is a growing problem in rural areas. The share of the nonmetro poor living in such families has grown from 22 percent in 1969 to the current 30 percent (Figure 1.6). This growing share reflects a consistently high poverty rate for people in female-headed families plus a gradually increasing share of the total rural population living in that family type. The share of the total rural population living in female-headed families increased from 8.4 percent in 1969 to 11.5 percent in 1990, and the poverty rate for people in such families never fell below 37 percent during the past two decades.

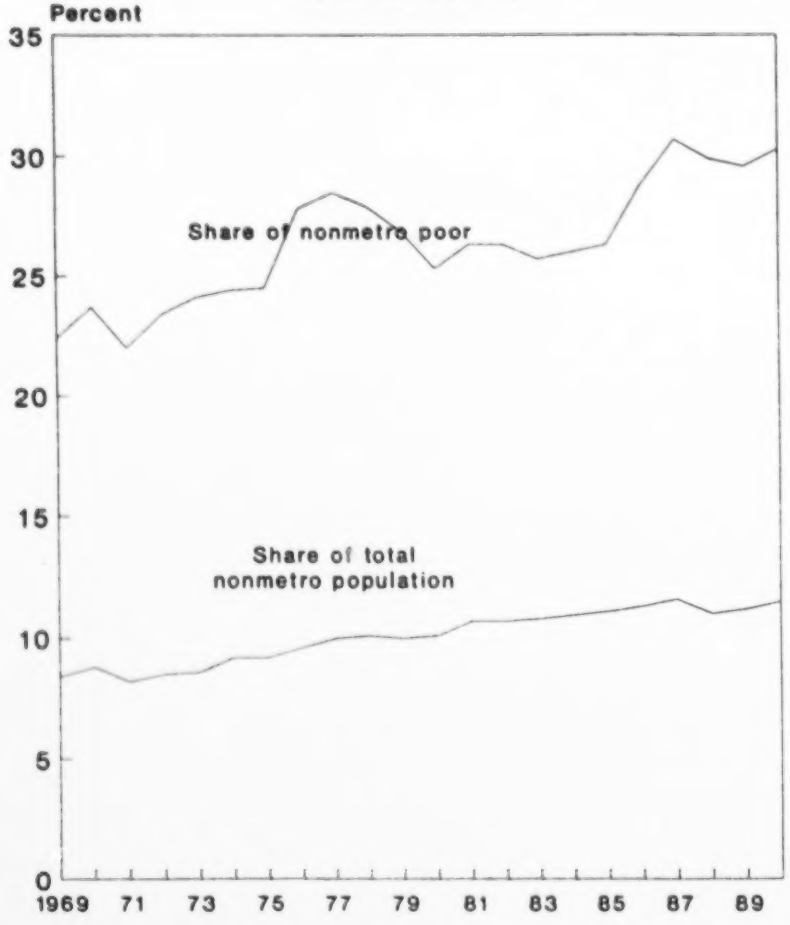
Although gradual changes in family composition may not greatly affect the poverty rate during relatively short periods of time, they can affect the level of the poverty over longer periods. Between 1979 and 1989,[8] for example, the share of the nonmetro population who were unrelated individuals or who lived in families headed by a woman increased. These shifts meant that more of the population was living in poverty-prone groups in 1989 than in 1979. If the 1989 poverty rates for the various family types were weighted by 1979 family composition, the 1989 poverty rate would have been 14.8 percent in nonmetro areas. This is lower than the actual 1989 poverty rate (15.7 percent) but still higher than the 1979 poverty rate (13.7 percent). Thus, at least some of the difference in the poverty rate between the end of the 1970s and the end of the 1980s can be attributed to shifts in family composition.

Family composition can also affect participation in the labor market. Other studies have noted the greater attachment of the nonmetro poor to the labor market, whether measured by receipt of earned income, labor force participation by family heads, or number of workers per families (Jensen and McLaughlin 1992; Hoppe 1989). The greater prevalence of married-couple families among the nonmetro poor probably accounts for some of the nonmetro poor's greater attachment to the labor market. Married-couple families contain two potential adult workers, while families headed by a woman are more likely to contain only one potential worker. Even if one spouse in a married-couple family stays home to take care of children, the other spouse is free to participate in the labor market. The nonmetro poverty rate's greater sensitivity to the unemployment rate, which was discussed earlier, may also reflect the prevalence of married-couple families among the nonmetro poor.

Children made up between 34 and 38 percent of the poor in all three areas. Poor children in central cities, however, were more likely to live in families headed by a woman than their nonmetro or suburban counterparts. Over two-thirds of central city poor children lived in such families, compared with slightly less than half of nonmetro poor children and slightly more than half of suburban poor children.

Whites comprised a large share of the poor in nonmetro areas (73 percent) and in the suburbs (79 percent). In contrast, a much smaller share (54 percent) of the central city poor were white. A substantial minority of the nonmetro poor

Figure 1.6 Share of Nonmetro Poor and Total Nonmetro Population in Families Headed by a Woman, 1969-90



Source: US Bureau of the Census, Current Population Survey, various years

(24 percent) was black, a smaller share than in central cities, but larger than in the suburbs. Only 5 percent of the nonmetro poor were Hispanic, a much smaller share than either central cities or the suburbs.

The aged formed a relatively small portion of the poor in all three areas. The elderly's share of the poor population, however, was higher in nonmetro and suburban areas than in central cities. Poverty among the elderly has decreased substantially since the early 1970s, due largely to changes in Social Security and the introduction of Supplemental Security Income (SSI) (Hoppe and Deavers 1992).

The disabled also made up a small share of the poor in all areas. There were no significant residential differences in the share of the poor who were disabled.

The farm population's share of the nonmetro poor should be mentioned, because many people still assume that most of the nonmetro or rural poor live on farms. In reality, less than one-tenth of the nonmetro poor are farm residents.

Geographic Concentration

Nonmetro poverty was concentrated in the South in 1990 (Table 1.2). About 55 percent of the nonmetro poor lived in the South, compared with only 30 percent of the central city poor and 41 percent of the suburban poor. Rural poverty among blacks was even more concentrated in the South. Nearly all poor nonmetro blacks (97 percent) lived in the South. Of course, nonmetro blacks were heavily concentrated in the South. About 95 percent of all nonmetro blacks lived in the South in 1990.

In an effort to further pinpoint poor or low-income rural areas, the U.S. Department of Agriculture conducted two county-level studies. One study identified nonmetro counties with high poverty rates in the 1980 Census (Morrissey 1985), and the other identified counties that have had chronically low per capita personal incomes over several decades (Bellamy and Ghelfi 1988).[9] Both the high-poverty and persistently low-income counties were heavily concentrated in the South.

Summary and Implications

The poverty rate has consistently been high in nonmetro areas. Even after considering benefits paid in kind and changing metro-nonmetro designations, it is clear that poverty is as much a rural problem as an urban one. Both Census poverty data and BEA personal income data show that nonmetro areas lagged behind metro areas in the 1980s.

The poverty rate for each population group is high in nonmetro areas, generally comparable to the corresponding central city rate. The exceptions are

TABLE 1.2 Selected Characteristics of the Poor, by Residence, 1990*

Race and Region	United States Total	Metro Total	Metro Cities	Metro Suburbs	Nonmetro
		--Thousand--			
Total poor, all regions	33,585	24,510	14,254	10,255	9,075
Poor in the South	13,456	8,437	4,237	4,200	5,019
		--Percent--			
Percent of total poor in the South	40.1*	34.4*	29.7*	41.0*	55.3
WHITE		--Thousand--			
Total white poor, all regions	22,326	15,711	7,664	8,047	6,615
White poor in South	7,708	4,827	1,982	2,845	2,881
		--Percent--			
Percent of white poor in the South	34.5*	30.7*	25.9*	35.4*	43.6
BLACK		--Thousand--			
Total black poor, all regions	9,837	7,696	5,870	1,826	2,141
Black poor in the South	5,538	3,465	2,183	1,282	2,073
		--Percent--			
Percent of black poor in the South	56.3*	45.0*	37.2*	70.2*	96.8

*Significantly different from the nonmetro estimate at the 95 percent confidence level.

*The South includes: Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas.

Source: U.S. Bureau of the Census, 1991c.

the poverty rates for unrelated individuals and blacks, which are higher in nonmetro areas than in the central cities.

The poor differ in metro and nonmetro areas. The nonmetro poor are more likely to live in married-couple families than either the central city or suburban poor. The nonmetro poor are also more heavily concentrated in the South than the poor living in central cities or suburbs. About 24 percent of the nonmetro poor are black, a smaller share than in central cities, but a larger share than in the suburbs. Nearly all nonmetro poor blacks live in the South, however. Finally, the level of nonmetro poverty seems to be more sensitive to unemployment than nonmetro poverty, which probably reflects the nonmetro poor's family structure.

Policy implications can be drawn from the information presented above. Because of the nonmetro poor's attachment to the labor market, issues such as the minimum wage, income taxes, the availability of jobs, job training, unemployment, and the strength of the economy, are important in any discussion of nonmetro poverty.

However, labor market strategies are not effective ways to reach the large share of nonmetro poor who cannot reasonably be expected to work. For example, the elderly and disabled make up 23 percent of nonmetro poor. The most effective way to reach these people is through income transfers. For example, increasing SSI benefits in selected states would help the elderly and disabled poor in nonmetro areas. About 60 percent of both the aged and the disabled poor live in the South, where state supplementation of SSI tends to be low (Hoppe and Deavers 1992).

Transfer programs are also important to poor children. Many poor children are currently helped through Aid to Families With Dependent Children (AFDC). However, AFDC historically has been a less effective antipoverty program in nonmetro areas, because a large share of the nonmetro poor live in states (largely southern) that have low AFDC benefits (Deavers et al. 1988).

In addition, a smaller portion of nonmetro poor children live in female-headed families, the main target group of AFDC. The recently passed Family Assistance Act could help the nonmetro poor by extending AFDC coverage to all poor married-couple families with an unemployed father (Rovner 1988:2,825-2,831). Before the FSA, only about half the states cover these families under AFDC. However, extension of the act to all states will have only a minor effect on the nonmetro poor (Jensen and McLaughlin 1992). Increasing benefits in low-benefit states would probably would have had a greater effect in rural areas.

Finally, where nonmetro poverty is concentrated, as in some parts of the South, state governments may be hard pressed to fund strategies to help the poor. Welfare reform proposals that seek to shift financial responsibility for antipoverty programs to the states must ensure that the states have enough revenue to accept their new responsibilities.

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Notes

This chapter was written by Robert Hoppe from the Economic Research Service, USDA. It is a revised version of three earlier presentations; the first at a Congressional Research Service symposium (Hoppe 1988), the second at a Washington Statistical Society lecture (Hoppe and Bellamy 1989), and the third at Tuskegee University (Hoppe 1989). Parts of this paper also appeared in Deavers and Hoppe (1992).

1. Entire counties are the building blocks for MSA's, except in New England where cities and towns are used (U.S. Bureau of the Census, 1991c:191).

2. No residential poverty data were released for 1984. The 1984 residential data presented in this paper are averages of 1983 and 1985.

3. Income did not keep up with inflation from 1979 to 1982. During those years, growth in median family income averaged 7.4 percent per year, while growth in the consumer price index averaged 10.3 percent per year (U.S. Bureau of the Census 1991b:9).

4. The phrase "families headed by a woman" is used in the text rather than the more technically correct "families with a female householder, no husband present." The technically correct phrase is too long and awkward. The longer phrase is usually used in the tables and figures, however.

5. To make Figure 1.2 more readable, data for the metro and nonmetro populations were not presented. Similar trends occurred in nonmetro areas as in the nation as a whole, but at different levels.

6. "Other families" are largely married-couple families, but also include some families with a male householder, no wife present. Prior to 1988, the published data do not separate nonmetro people into married-couple families and families with a male householder, no wife present. People in families headed by a woman and people in other families do not sum to the total population because not all people are classified as part of a family. Some people who do not belong to families are "unrelated individuals" living alone or with nonrelatives. Others are members of "unrelated subfamilies," such as guests, lodgers, or resident employees and their families who live in a larger household, but are not related to the person or couple maintaining the household. For more details, see U.S. Bureau of the Census (1991c:196-197).

7. For more information about cost-of-living differentials and poverty measurement, see Hoppe (1992).

8. The years 1979 and 1989 were selected because they occurred at similar points in the business cycle.

9. Actually, the persistent low-income study was first conducted in the late 1970s (Davis 1979) and updated twice in the 1980s (Hoppe 1985; Bellamy and Ghelfi 1988).